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ANNUAL REPORT

INSURANCE BRANCH

BENEFITS AND SERVICES DIVISION

OFFICE OF PERSONNEL

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SECTION I

Major Accomplishments and Significant Developments

1 July 1963 - 30 June 1964

Attached, as part of this report, is a summary of Insurance activity during the reporting period, 1 July 1963 - 30 June 1964. During this period the workloads increased to a degree even beyond our "wildest" estimates, especially with the expanded UBLIC program. The normal increase in the number and complexity of the claims continues to take place, in fact to the point where overtime has been necessary on occasion to hold down claims backlogs. An added workload has been placed on the Branch due to the necessity of the extra amount of information required to be disseminated regarding the new or expanded plans, this basically being handled by the Branch Chief, since the Deputy Chief worked with daily operational activities.

Once again the old phrase "increased complexity" must be applied to the overall insurance operations, not only because of the more varied types of claims submitted, but also because of the added duties necessitated as a result of cover requirements. More and more, there seems to be concentrated efforts to provide more individual groups with special cards or other means of providing hospital admissions for personnel with covert operations. As stated before, the "assembly line" method of settling claims is a thing of the past. Again may we report that the increased usage,

[REDACTED]

accounts, as well as the fifteen specially devised hospital admission cards, has greatly added to the tremendous workload of the Branch.

The Branch Chief continues to become more involved in special projects' problems, even to the point of visiting areas on insurance matters. In addition, a great deal of his time has been taken in discussions with the underwriters in dealing with current problems, in planning for the additional coverages (DENTA - UBLIC expanded), and in negotiations with Civil Service Commission.

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During the year, the Branch Chief visited the home offices of Mutual and UBLIC in Omaha, Nebraska. Part of his time there was spent in working out the preliminaries in a plan for possible use by [REDACTED]. The year also saw arrangements made for continued coverage for certain personnel, whose component was being transferred to another Agency--such was done with the Income Replacement Plan. This could prove beneficial to all such policyholders. One trip was made to the site of a project as a result of which two additional I. D. cards were set up and have functioned.

From a lecture standpoint, the Branch Chief was invited to speak at a number of Senior Staff meetings, i. e. Director of Personnel, Logistics, Commo, etc., and a number of Division meetings at which time the new plans were explained. In addition, he lectured on two occasions at [REDACTED]. Other representatives of the Insurance Branch visited [REDACTED] and lectured to personnel there. The Branch Chief, with the Division Chief, are regular lecturers at the Clandestine Services Review Course. In addition, due to the increase in coverage available, the Branch Chief was called upon to have many more than the usual number of discussions with individuals of all grade levels, regarding their overall insurance programs. The health statements accompanying many of the applications for increased UBLIC coverage, were reviewed and approved by the Branch Chief personally, this calling for careful underwriting and occasional dealings with the Medical Staff. Some of these applications required as many as five or six conversations with the applicants in advising them of necessary procedures to obtain coverage or at least to finalize action in the case. The period of the UBLIC drive demonstrated most vividly the need for additional assistance for the Branch Chief in the field of life insurance underwriting and individual counseling. Due to the heavy backlogs of UBLIC and DENTA applications during the open periods, it became necessary, on several occasions, to have the Deputy Branch Chief assist in the Cashier's Office.

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Insurance Programs in General

During this reporting year the GEHA program enjoyed its quickest and greatest increase both as to number of enrollees as well as "in force" totals of the various plans, as indicated below:

The Federal Employees Health Benefits Plan (Association) reached a new high of [REDACTED] policyholders, some being added due to the open periods permitted during this year.

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The WAEPA Plan showed a significant gain in the number of new policies in force, 126, for a total increase in the amount of insurance in force of \$6,280,625.00. All of these applications were reviewed by the Branch Chief's office for approval of health statements. This increase in insurance in force is mainly attributed to the increased supplemental coverage granted WAEPA policyholders without charge, i. e., effective January 21, 1964, policyholders in the group to age 41, were automatically granted \$5,000 supplemental coverage, those 41 to 50, \$2,500 and through 50 and over, were allowed an additional \$1,250 coverage.

The UBLIC plan of life insurance, of course, showed the almost unbelievable growth of \$46,098,000 in the past year, or an increase of 134%. This was primarily the result of the "open period" to allow persons to apply for the expanded coverage during the period of February 1 through March 27, 1964. During this period, [redacted] new applicants applied, and [redacted] increased coverage already held. The total amount of life insurance currently in force under the UBLIC plan is \$80,409,000.00.

25X9

25X9

The total in force under the WAEPA and UBLIC life insurance plans is [redacted] policies for \$104,239,625.00. This figure represents a combined increase from both plans in the amount of \$52,378,625.00.

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The PAMA (Parents Associated Medical Assurance) plan enjoyed a successful year. Implemented on 1 June 1963, the total number of enrollees has now totalled [redacted]

25X9

The DENTA plan, established in January and February 1964, by an open period, is off to a good start with [redacted] members. Both of these plans may have new open periods during the coming year, depending on the experience of the first year of operation.

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Specific Major Accomplishments:

1. During the past year the need for establishment of additional special identification hospital admission cards under the JMWAVE Project was brought to light. The Branch Chief visited the area involved and established the necessary cards, working out the necessary liaison with the Mutual of Omaha representative in the area. This brought the total number of special cards used by JMWAVE to three.

2. Steps have just been completed preparatory to establishment of a special "I. D." card for use with certain employees who retire after being under deep cover. In addition, similar work has been done prior to possible establishment of a card for persons traveling on a "temporary" basis, such cards to be for use only during this temporary travel status. It is hoped that these two procedures can be perfected during the coming year.

3. The annual audit was completed for the year ending 31 December 1963, and the report filed and reviewed by the officers and Board of Directors. Again, only a couple of minor points were raised, with the result that the Board commended the officers and personnel employed in the GEHA program for the fine report.

4. During the period October 1-15, 1963, both dates inclusive, the limited "open period" for the Federal Employees Health Benefits Act program, about 550 changes in the individual accounts were accomplished.

5. Effective 1 November 1963, the new yellow brochure, "Association Benefit Plan" was revised and reissued. The revision was done by the Insurance Branch and printed through Agency facilities. This brochure outlined two changes made in coverage, i. e., the limit of 50 on number of psychiatric visits permitted in one year was eliminated and a person using a private room in a hospital received credit under major medical up to the amount of the average charge for a semi-private room in that particular hospital.

6. The Dental program brochures were prepared and distributed and the program implemented during the period of July and August 1963.

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7. The PAMA plan was placed in effect during the period of July and August 1963.

8. Due to a growing need, as a result of stepped up travel, arrangements were made during the year, to permit the purchase of Air Trip and Military Air Trip at overseas stations. This had previously been limited to headquarters. Permission was received from the Underwriter and safeguards, such as certifications from responsible overseas officials, were established to permit such purchases to be permitted. Monies and lists of purchasers are submitted monthly directly to the Insurance Branch.

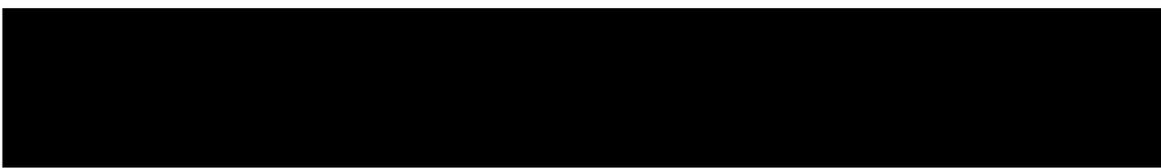
9. The period March 17, 1964 through June 30, 1964 was designated as a "limited open period" by Civil Service Commission, for employees to make changes in their health benefits registrations. A number of improvements were made in the coverages under all federally sponsored plans such as the expansion of the "family member" to include unmarried children to age 21, instead of to age 19, as at present. Instructions, forms, etc. necessary for implementation of these leniencies were prepared and distributed. This of course involved close liaison with Civil Service Commission.

10. Due to the fact that the rates at government hospitals were raised at overseas areas, an opportunity was afforded employees, who, unaware of this raise in charges, had failed to change to high option during the October 1-15 period, to change to the more lucrative high option plan. This was done during December 1963.

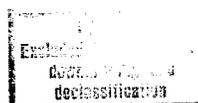
11. The sixth annual "return of premiums" to UBLIC policyholders whose coverage was in force on 31 July 1963, was completed. A total of \$79,224.24 was returned to [redacted] policyholders during the year. This again represented a 33 1/3% return of all premiums paid during the year.

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13. The second annual "financial statement," in the form of an "Annual Information Sheet," as of 31 December 1963, was distributed, and again it brought "words of appreciation" from persons who received it.



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15. The Branch was required to again move during the year. On March 16, 1964, with very little forewarning, the move was completed to quarters in R&S Building. To avoid loss of time, in view of our backlogs, the office worked on the Saturday following the move. The new quarters are reasonably comfortable, except for the heat which is so noticeable, due to the tar roof completely surrounding the area.

16. The Branch Chief visited several field installations during the year and found the visits to be well worth the cost involved when measured against the appreciation exhibited by those being visited. The home office visit (MUTUAL) was most beneficial and, as recommended by the underwriters, should be semi-annually scheduled.

17. Numerous lectures, as indicated on the attached statistical report, continue to be given to all EOD's by representatives of the Branch. These lectures include those given to professionals at headquarters and those given to clerical recruits at 16th Street. As was mentioned previously, the Branch Chief lectures to individual groups both in and away from headquarters. Groups and individuals leaving and returning to headquarters, and JOT groups or individuals, are briefed by the Branch Chief or by the Deputy Branch Chief. As part of this briefing program, a regular schedule of points to be briefed has been arranged providing a similar briefing to all personnel.

18. During the months of October and December 1963, the Insurance Branch administered the Flu Shot program. The Medical Staff administered [REDACTED] vaccine shots during the period. Of the total amount received \$1,470 was turned over to the Medical Staff to defray the costs of the vaccine used, and the balance of \$648.55 was given to the Employee Services of the Benefits and Services Division.

25X9

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19. The Branch Chief, as Vice President-Secretary, and the Deputy Branch Chief, as Treasurer of GEHA, provided the President and Board of Directors with detailed statistical reports for use in deliberating policies involving the Insurance program. Minutes and reports of the Board of Director's meetings constitute further duties for the Secretary. He also sets up the Annual Membership meeting and prepares, distributes, and counts the ballots for the election of Directors.

The following Section reflects a report of the operational activities of this Branch for the reporting period.

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SUMMARY OF INSURANCE ACTIVITY

1 July 1963 - 30 June 1964

Type of Coverage

WAEPA

New Applications	204	
Cancellations	78	
Policies in Force		25X9A2
Insurance in Force	\$23,830,625.00	
*Claims (5)	\$ 32,217.43	

UBLIC

New Applications		25X9A2
Cancellations		
Policies in Force		
Insurance in Force	\$80,409,000.00	
**Claims (14)	\$ 123,200.00	

CONTRACT LIFE

New Applications	62	
Cancellations	67	
Policies in Force		25X9A2
Insurance in Force	\$ 3,987,500.00	
Claims (0)	0	

* One at \$15,000.00; one at \$15,014.80; one at \$1,000.00 (dependent); one at \$1,002.63 (dependent); one at \$200.00 (dependent).

** Two at \$15,000.00; one at \$30,000.00; two at \$25,000.00; seven at \$1,000.00 (dependents); one at \$200.00 (dependent); one at \$6,000.00.

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Type of Coverage (continued)

AIR FLIGHT

New Applications	897
*Cancellations	536
Policies in Force	898
Claims Paid	0

MILITARY AIR FLIGHT

New Applications	105
** Cancellations	97
Policies in Force	21
Claims Paid	0

FLITE PLAN

New Applications	22
Cancellations	22
Policies in Force	72
Claims Paid	0

TRAVEL-MATIC

New Applications	108
Cancellations	87
Policies in Force	341
Claims Paid	0

EMERGENCY TRAVEL

New Applications	13
Cancellations	39
Policies in Force	58
No. of Claims	1
Claims Paid	\$526.43

* All policies automatically cancel after being in force one year.

* * All policies automatically cancel after being in force for 30 days.

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Type of Coverage (continued)

INCOME REPLACEMENT

New Applications	50	
Cancellations	19	25X9
Policies in Force	[REDACTED]	
No. of Claims Paid	19	
Claims Paid	\$ 6,446.63	

SPECIFIED DISEASES

New Applications	181	
Cancellations	167	25X9
Policies in Force	[REDACTED]	
No. of Claims Paid	4	
Claims Paid	\$ 1,755.59	

*OLD MUTUAL

Claims Paid	\$ 92.98
No. of Claims	5
Average per Claim	\$ 18.59

CONTRACT HOSPITALIZATION

New Applications	214 (as of 6/6/64)	
Cancellations	86 (as of 6/6/64)	
Policies in Force	[REDACTED] (as of 6/6/64)	
No. of Claims	276	
Claims Paid	\$ 52,028.37	25X9A2
Average per Claim	\$ 188.51	

MUTUAL HOSPITALIZATION (Association Plan - FEHBA)

New Applications	[REDACTED] (as of 6/6/64)	25X9
Cancellations	[REDACTED] (as of 6/6/64)	
Policies in Force	[REDACTED] (as of 6/6/64)	
No. of Claims		
Claims Paid	\$ 1,586,798.61	
Average per Claim	\$ [REDACTED]	25X9

* No claims accepted after 1/1/64, per agreement with Underwriter.

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Type of Coverage (continued)

PAMA HOSPITALIZATION (Contract effective 6/1/63)

New Applications			25X9
Cancellations			
Policies in Force			
No. of Claims		280	
Claims Paid	\$	69,992.00	
Average per Claim	\$	249.97	

DENTAL INSURANCE (DENTA)
(Contract effective 12/9/63)

New Applications			25X9
Cancellations			
Policies in Force			
No. of Claims		226	
Claims Paid	\$	24,463.96	
Average per Claim		108.25	

Miscellaneous

TALKS TO NEW E.O.D.'s

Number of Talks		91	25X9A2
Number in Attendance			

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SECTION II

Specific Plans for Fiscal Year 1965

(7/1/64 - 6/30/65)

1. Efforts will again be made to issue a revision of the gray "Association Plans" booklet, thereby bringing it up to date, including a chapter on the Federal Employees Health Benefits Program.
2. The Branch again hopes to arrange an overseas trip by a representative of GEHA, together with one from BCB, for the purpose of expediting and setting up all matters involving the Benefits and Services Division, and to assure that personnel responsible for such matters are completely appraised of all necessary and current information. Such trip could be tied in with assembling of appropriate personnel on an area basis.
3. Plans presently agreed upon call for the Chief, BSD, and the Chief, Insurance Branch, to visit the home office of Mutual of Omaha, Omaha, Nebraska, at least semi-annually.
4. With the increased workloads expected, due to normal growth of the plans, plus the extra work resulting from the PAMA and DENTA plans, additional personnel will be required to keep work current. A qualified man, with an insurance background, for assignment to the Branch, has been recruited and it is hoped he will develop into a possible future Agency insurance specialist able to assist the Chief with all policy and liaison matters. It is also still planned, in view of our more than 24,000 folders in the files, and which involve traffic of about 300 folders "in and out" daily, to establish a files unit of two people with one grade GS-6 or 7 in charge.
5. The officers will continue to study all plans presently in effect, with a view to making any improvements possible in them. In addition, other plans not now existent will be studied, with the idea in mind of possible future adoption.

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SECTION III

Projected Workload Statistics

for Fiscal 1965 - 1966

Normal growth of all plans administered by the Insurance Branch can be expected to take place during fiscal 1965 - 1966. In addition, due to long-range planning other new plans will probably be added to the program. This will undoubtedly necessitate additional personnel with the necessary supervisory position adjustments to go with such increase.

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